

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

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SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 FEAE-00

OIC-02 NSC-05 SS-15 STR-04 /102 W

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E.O. 11652: N/A

TAGS: EFIN, OECD

SUBJECT: COMMITTEE ON FISCAL AFFAIRS MEETING

REF: (A) CFA/A(75)3, (B) DAF/CFA/75.31, (C) CFA(75)16,
(D) DAF/CFA/75.32, (E) CFA(75)15, (F) DAF/CFA/75.18,
(G) CFA(75)17, (H) CFA(75)18, (I) CFA(75)14,
(J) DAF/CFA/75.30

1. SUMMARY. COMMITTEE ON FISCAL AFFAIRS (CFA) MET
JANUARY 13-15 TO DISCUSS MATTERS RELATED TO DOUBLE
TAXATION, TAXATION OF MNE'S, ENERGY AND INSTITUTIONS
FOR COLLECTIVE INVESTMENT, AND TAX EVASION (REF A).
END SUMMARY

2. DOUBLE TAXATION: IN ORAL REPORT, CHAIRMAN OF WP-1
ON DOUBLE TAXATION CONVENTION EXPRESSED INTENTION TO
COMPLETE REVIEW OF ARTICLES 5 AND 23 DURING FEBRUARY AND
APRIL 1976 SESSIONS OF WP. STEERING GROUP WILL THEN
PERFECT TREATY AND SUBMIT ITS COMMENTS ON ENTIRE DRAFT
FOR REVIEW BY WP IN FALL 1976. ENTIRE TEXT AND
COMMENTARY EXPECTED TO BE READY FOR REVIEW BY FULL CFA
AT ITS JANUARY 1977 MEETING. NO NEW PROJECTS (SUCH AS
MUTUAL ASSISTANCE AND ESTATE TAX TREATY) WOULD BE

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STARTED BEFORE THAT DATE. CHAIRMAN AND U.S. DEL URGED

ALL OECD MEMBERS TO INCLUDE TAX EXPERTS IN FUTURE MEETINGS ON UNESCO COPYRIGHT CONVENTION.

3. TAXATION OF MNE'S (REF B): WP-6 CHAIRMAN OUTLINED WORK ON ROYALTIES, INCLUDING U.S. EMPHASIS ON COST-SHARING VERSUS EUROPEAN EMPHASIS ON PAYMENTS FOR SERVICES, AND ALSO REPORTED ON NEED TO DEVELOP JUSTIFICATION FOR TECHNOLOGY PAYMENTS FOR DEVELOPING COUNTRIES AS INDICATED BY RECENT UN EXPERTS MEETING.

4. ENERGY TAXATION (REF D): WP-7 QUESTIONNAIRE ON ENERGY TAXATION WAS OBJECTED TO BY SEVERAL DELEGATIONS AND WILL NOT BE DISTRIBUTED. MEMORANDUM PREPARED BY EXPERT SUBGROUP WILL BE SUBMITTED TO MEMBER COUNTRIES FOR COMMENT WITH REQUEST FOR CERTAIN DATA.

5. TAX EVASION (REF, E, F). AD HOC WORKING GROUP ON TAX EVASION WILL CONTINUE PREPARATION FOR MEETING OF INSPECTORS IN SEPTEMBER IN PARIS TO EXCHANGE PRACTICAL INFORMATION CONCERNING INTERNATIONAL TAX AUDITS AND ADMINISTRATION. WORKING GROUP WILL NOT BE INSTITUTIONALIZED, AND FUTURE AGENDA WILL BE REVIEWED FOLLOWING INSPECTORS' MEETING.

6. COLLECTIVE INVESTMENT INSTITUTIONS: WP ON CII'S WILL MEET FEBRUARY 9 TO CHOOSE AMONG ALTERNATIVE RULES INTENDED TO HARMONIZE INVESTMENT IN MUTUAL FUNDS.

7. RECENT DEVELOPMENTS IN TAXATION: (REFS G, H): DISCUSSION INDICATED GROWING INTEREST AMONG MEMBERS IN IMPUTATION TAX SYSTEMS (U.S., GERMANY, IRELAND, EEC COMMISSION). NETHERLANDS REMAINS FIRMLY OPPOSED. REVIEW ALSO INDICATED CONTINUED TREND TOWARD REMOVAL OF B

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WITHHOLDING TAXES ON INTEREST PAID TO FOREIGN INVESTORS (INCLUDING GOVERNMENTS--CANADA, FRANCE). CFA MEMBERS QUESTIONED FRENCH REP CLOSELY ON NEW TAX INCENTIVES TO ATTRACT INTERNATIONAL HEADQUARTERS OFFICES TO FRANCE. EEC COMMISSION OUTLINED LIKELY NEW PROPOSED DIRECTIVE ON TAX EVASION DEALING WITH INCREASED COMMUNITY COOPERATION ON EXCHANGE OF INFORMATION AND INVESTIGATIONS AND POSSIBLE JOINT AUDITS AND HARMONIZATION OF ADMINISTRATIVE ASSISTANCE WITH RESPECT TO DIRECT TAXES. BECAUSE OF CONFUSION CONCERNING STATUS OF VARIOUS U.S. TAX LEGISLATION PROPOSALS, U.S. DEL OUTLINED PRESENT STATUS THESE PROPOSALS.

8. BORDER TAXES: CFA AGREED TO PLACE ON AGENDA FOR NEXT MEETING U.S. PROPOSAL FOR UPDATING OF 1968 STUDY ON BORDER TAX ADJUSTMENTS AND TAX STRUCTURES.

9. TAX ACCOUNTING (REFS I, J): SECRETARIAT REQUESTED CFA MEMBERS TO PROVIDE MORE INFORMATION IN FUTURE CONCERNING CURRENT CHANGES AND PROPOSALS FOR CHANGES REGARDING TAX ACCOUNTING PROCEDURES DURING PERIODS OF INFLATION.

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10. NEXT MEETING OF CFA SCHEDULED FOR JUNE 22, 23 AND 24, 1976.
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